Service Center Rate Guidelines

- A rate review must be performed at a minimum of every two years for those accounts that are service operations and supported by a user fee. New service center accounts must be reviewed in one year to ensure that the rates remain sufficient to cover related operating costs. Accounts with significant changes in the fee, usage, and/or large deficits must also be reviewed in one year. Failure to perform a proper review may result in the suspension of the rate.

- All account actions are the responsibility of the individual VP areas. Consequently departments should submit all requests for new accounts, allocation and expenditure transfers, and rate structure approvals to the appropriate Dean and VP coordinator who will submit to Accounting.

- For new service centers, a rate review must be approved prior to submission of an account request.

- For detailed procedures on the rate development process please refer to the IFR Procedure Manual, p.26 – p.30.

- When a service is provided only to internal users, the account must break-even at fiscal year-end.

- It is the responsibility of the Account Manager to maintain account integrity by ensuring that sufficient revenues are generated to support operational costs.

- It is the responsibility of the Department to maintain internal records of all information included in the rate, including account receivables, inventories, usage logs, purchase orders, and sales invoices/billing statements. Records must be retained for the current fiscal year and the prior four fiscal years.

- For new rates and changes to existing rates, a viable revenue stream with the names of potential clients must be provided to justify usage estimates.

- All rate reviews require submission of a prior month-end accrued balance sheet. This presents the financial status of the service center. When applicable, a Department must have an approved Deficit Recovery Plan.

- The account director is responsible for maintaining logs which identify the amount of excess external revenue collected. Excess external revenue is revenue collected in excess of the external rate. Only documented excess external revenue can be excluded from the rate process, and retained by the department.

- Sponsored employees must not be included in the billing rates as their salaries are already being funded by grants.

- Prior salary transfers and other pending JTs, where applicable, must be processed timely.

- Personnel costs that are included in billing rates must match HR records. The employee’s annual salary plus fringe benefit costs, if applicable, will be distributed per service, based on the percentage of effort.

- Expenditures in service center accounts must be directly related to the purposes for which income was collected. This means expenditures made from the accounts must fall within the stated purpose of the account, must be related to the reason for which revenue was collected, and correspond to the approved rate structure.

- In establishing billing rates to external users care must be taken to insure that the rates charged are not significantly different than the prevailing rate for identical services provided by commercial organizations in the area.

- Some unallowable costs identified in Circular A-21, Section J by the Office of Management and Budget (OMB) to curb abuse in various categories of expenditures are alcoholic beverages, bad
debt, personal use of organization-funded automobile, unreasonable reimbursement for travel expenses, cost of entertainment, etc. For more details click here. Also refer to p.31 of the IFR Manual.

- Cost of equipment cannot be entirely included as a cost in the year purchased. Equipment should be depreciated over its life. A general guide for asset classification and expected useful life can be found on p. 30 of the IFR Procedure Manual.
- Depreciation cost for equipment purchased from Federally funded sponsored programs cannot be included in billing rates.
- Rates must be approved by the Chair, Dean’s Office and the VP area (email approvals are sufficient for service centers only).
- The University Controller provides final approval for all service center fees.

Required documentation for a New Rate Review:

- Description of account purpose and services
- Completed rate worksheet
- Justification for projected expenses
- Justification of usage estimates through viable revenue stream/names of potential clients
- Initial review and approval by VP coordinator

Required documentation for Existing Rate Reviews:

- Completed Balance Sheet as of the prior month-end
- Detailed documentation for accounts receivable, inventory, excess revenue from external sources, equipment POs and liabilities, if applicable
- Justification for changes in usage and/or rates more than 25% compared to prior rate review
- Completed rate worksheet
- Initial review and approval by VP coordinator

References


IFR Forms and Worksheets - refer to IFR Procedure Manual

Rate Schedule Worksheet